

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1469-02
Bill No.: Perfected HCS for HB 470
Subject: Telecommunications; Education, Elementary and Secondary; Elementary and Secondary Education Department; Boards, Commissions, Committees, Councils
Type: Original
Date: April 9, 2013

Bill Summary: This proposal allows a student to enroll in a school district other than the student's school district of residence for the purpose of attending virtual courses or programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	\$0 or (Unknown - More than \$100,000)	\$0 or (Unknown - More than \$100,000)	\$0 or (Unknown - More than \$100,000)
Total Estimated Net Effect on General Revenue Fund	\$0 or (Unknown - More than \$100,000)	\$0 or (Unknown - More than \$100,000)	\$0 or (Unknown - More than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
State School Moneys Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Offsetting Transfers In and Out are \$0 or Unknown - More than \$100,000 annually

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0 or Unknown - More than \$100,000 to (Unknown - More than \$100,000)	\$0 or Unknown - More than \$100,000 to (Unknown - More than \$100,000)	\$0 or Unknown - More then \$100,000 to (Unknown - More than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

According to officials from the **Department of Elementary and Secondary Education (DESE)**, this proposal has many unknowns centered around the non public school students transferring to virtual schools. At present, the number of students who are educated other than through public education living in Missouri is not known. In addition, the number of these students who would transfer into these virtual schools is also not known. Data from other states would indicate a significant number could or would transfer.

DESE assumes this proposal would have a cost in excess \$100,000. This assumption is derived based upon the FY12 per pupil current expenditure of \$9,487. This expenditure multiplied by 72.5% would yield a payment expense of \$6,878 per pupil. If the full-time equivalent number of students currently not served by public schools increased by fifteen, the cost would exceed \$100,000 and then grow proportionally thereafter.

This proposal puts a limit on the number of students who could enroll or be admitted as nonresident students in virtual education. The limit is 1.75% of the total number of public and charter school students (currently that number is 887,554) which would calculate to 15,532 students. Transfers into these virtual schools is still not known, but the following percentages of students transferring would cost:

100%	15,532	X	\$6,878	=	\$106,829,096
75%	11,649	X	\$6,878	=	\$ 80,121,822
50%	7,766	X	\$6,878	=	\$ 53,414,548
25%	3,883	X	\$6,878	=	\$ 26,707,274
10%	1,553	X	\$6,878	=	\$ 10,681,534

Officials from the **Parkway School District** state the potential impact on their district is unknown at this time.

Officials from the **University of Missouri System** and **University of Central Missouri** (Charter School Sponsors) each assume the proposal would not fiscally impact their respective institutions.

Officials from **Northwest Missouri State University** and **Missouri State University** each assume the proposal would not fiscally impact their respective institutions.

ASSUMPTION (continued)

Oversight assumes the proposal is permissive to receiving schools in that it states “School districts or charter schools may enroll any virtual nonresident student.” However, a cost can be assessed against a district of residence if a school district or charter school elects to provide such virtual education to non-resident students which may or may not be offset by increased state funding.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Transfer Out</u> - Elementary and Secondary Education (DESE) - Increased state aid	\$0 or (Unknown - More than \$100,000)	\$0 or (Unknown - More than \$100,000)	\$0 or (Unknown - More than \$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (Unknown - More than \$100,000)	\$0 or (Unknown - More than \$100,000)	\$0 or (Unknown - More than \$100,000)
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - General Revenue - Increased state aid funding	\$0 or Unknown - More than \$100,000	\$0 or Unknown - More than \$100,000	\$0 or Unknown - More than \$100,000
<u>Transfer Out</u> - School Districts - Increased state aid	\$0 or (Unknown - More than \$100,000)	\$0 or (Unknown - More than \$100,000)	\$0 or (Unknown - More than \$100,000)
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> - School Districts - Increased state aid	\$0 or Unknown - More than \$100,000	\$0 or Unknown - More than \$100,000	\$0 or Unknown - More than \$100,000
<u>Costs</u> - School Districts - Education expenses	\$0 or (Unknown - More than \$100,000)	\$0 or (Unknown - More than \$100,000)	\$0 or (Unknown - More than \$100,000)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or Unknown - More than \$100,000 to (Unknown - More than \$100,000)	\$0 or Unknown - More than \$100,000 to (Unknown - More than \$100,000)	\$0 or Unknown - More than \$100,000 to (Unknown - More than \$100,000)

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill allows a Missouri student to enroll in the virtual course or school program of a charter school or school district other than the student's district of residence. School districts or charter schools may enroll any virtual nonresident student. The receiving school must admit the student based on the time of application until full capacity is reached, giving preference to students who are siblings of students already enrolled. Once enrolled, the student may remain in the program until he or she completes the grade levels offered or withdraws.

For school funding purposes, the student must be included in the average daily attendance of his or her school district of residence, which must pay the receiving school 72.5% of the previous year's average current expenditure per average daily attendance, not to exceed the total amount due the residence district under the school funding formula.

No student shall be admitted if admission of the student would cause the amount paid by the district of residence to exceed the aggregate amount paid to the district as provided in the proposal. School districts and charter schools shall not enroll or admit virtual nonresident

FISCAL DESCRIPTION (continued)

students in excess of one and seventy-five hundredths percent of the total number of public and charter schools enrolled in the state.

Any higher education institution with its main campus located in Missouri with an approved teacher education program may sponsor a virtual charter school. A virtual charter school may only offer instruction in a virtual setting using technology, Intranet, and Internet methods of communication.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education

School Districts

Parkway

Charter School Sponsors


University of Missouri System

University of Central Missouri

Colleges and Universities

Northwest Missouri State University

Missouri State University



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